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Law (Legislation-A) Department

NOTIFICATION

No. 10477-Leg. (A) 2|81|Law.

Dated, Trivandrum, 24th September 1981
2nd Asvina 1903.

The following Act of the Kerala State Legislature is hereby published for general information. The Bill as passed by the Legislative Assembly received the assent of the Governor on the 23rd day of September, 1981.

By order of the Governor,

K. Viswanathan Nair,
Special Secretary (Law).

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33|3622|MC.

ACT 26 OF 1981

THE AGRICULTURAL INCOME-TAX (AMENDMENT) ACT, 1981

An Act further to amend the Agricultural Income-tax Act, 1950.

Preamble.—WHEREAS it is expedient further to amend the Agricultural Income-tax Act, 1950, for the purposes hereinafter appearing;

BE it enacted in the Thirty-second Year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Agricultural Income-tax (Amendment) Act, 1981.

(2) Section 4 shall come into force on the 1st day of April, 1982 and the remaining provisions of this Act shall be deemed to have come into force on the 1st day of April, 1981.

2. *Amendment of section* 4.—(1) In section 4 of the Agricultural Income-tax Act, 1950 (XXII of 1950) (hereinafter referred to as the principal Act),—

(a) in sub-section (1),—

(i) after clause (a), the following clause shall be inserted, namely:—

"(aa) any agricultural income derived by cultivation of paddy, tapioca, plantain, ginger, ragi, pulses, sesamum, vegetables, sweet potato and tubers;";

(ii) for clauses (b) and (c), the following clauses and *Explanation* shall be substituted, namely:—

"(b) any agricultural income derived from property held under trust wholly for charitable or religious purposes, to the extent to which such income is applied to such purposes in the State; and, where any such income is accumulated or set apart for application to such purposes in the State, to the extent to which the income so accumulated or set apart is not in excess of twenty-five per cent of the agricultural income from such property;

(c) any agricultural income derived from property held under trust in part only for such purposes, to the extent to which such income is applied to such purposes in the State; and, where any such income is finally set apart for application to such purposes in the State, to the extent to which the income so set apart is not in excess of twenty-five per cent of the agricultural income from such property.

Explanation.—For the purposes of clauses (b) and (c), if, in the previous year, the agricultural income applied to charitable or religious purposes in the State falls short of seventy-five per cent of the agricultural income derived during that year from property held under trust, or, as the case may be, held under trust in part, by any amount—

(i) for the reason that the whole or any part of the agricultural income has not been received during that year, or

(ii) for any other reason,

then—

(a) in the case referred to in clause (i), so much of the agricultural income applied to such purposes in the State during the previous year in which the agricultural income is received or during the previous year immediately following as does not exceed the said amount, and

(b) in the case referred to in clause (ii), so much of the agricultural income applied to such purposes in the State during the previous year immediately following the previous year in which the agricultural income was derived as does not exceed the said amount,

may, at the option of the person in receipt of the agricultural income [such option to be exercised in writing before the expiry of the time allowed under sub-section (1) or sub-section (2) of section 17, whether fixed originally or on extension for furnishing the return of agricultural income], be deemed to be agricultural income applied to such purposes during the previous year in which the agricultural income was derived; and the agricultural income so deemed to have been applied shall not be taken into account in calculating the amount of agricultural income applied to such purposes, in the case referred to in clause (i), during the previous year in which the agricultural income is received or during the previous year immediately following, as the case may be, and, in the case referred to in clause (ii), during the previous year immediately following the previous year in which the agricultural income was derived.";

(b) after sub-section (1), the following sub-sections shall be inserted, namely:—

"(1A) Where any agricultural income in respect of which an option is exercised under the *Explanation* to sub-section (1) is not applied to charitable or religious purposes in the State during the period referred to in

clause (a) or, as the case may be, clause (b), of the said *Explanation*, then, such income shall be deemed to be the income of the person in receipt thereof—

(a) in the case referred to in clause (i) of the said *Explanation*, of the previous year immediately following the previous year in which the income was received, or

(b) in the case referred to in clause (ii) of the said *Explanation*, of the previous year immediately following the previous year in which the income was derived.

(1B) Where seventy-five per cent of the agricultural income referred to in clause (b) or clause (c) of sub-section (1) read with the *Explanation* to that sub-section is not applied, or is not deemed to have been applied, to charitable or religious purposes in the State during the previous year but is accumulated or set apart, either in whole or in part, for application to such purposes in the State, such income so accumulated or set apart shall not be included in the total agricultural income of the previous year of the person in receipt of the income, provided the following conditions are complied with, namely:—

(a) such person specifies, by notice in writing given to the Agricultural Income-tax Officer in the prescribed manner, the purpose for which the agricultural income is being accumulated or set apart and the period for which the agricultural income is to be accumulated or set apart, which shall in no case exceed ten years;

(b) the money so accumulated or set apart is—

(i) invested in any Government security as defined in clause (2) of section 2 of the Public Debt Act, 1944 (Central Act 18 of 1944), or in any other security which may be approved by the State Government in this behalf, or

(ii) deposited in any account with the Post Office Savings Bank [including deposits made under the Post Office (Time Deposits) Rules, 1970] or a scheduled bank or a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank), or

(iii) deposited in an account with the Kerala Financial Corporation established under the State Financial Corporations Act, 1951 (Central Act 63 of 1951).

Explanation.—For the purposes of sub-clause (ii), "scheduled bank" means the State Bank of India constituted under the State Bank of India Act, 1955, a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959, a corresponding new bank constituted

under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or any other bank, being a bank included in the second schedule to the Reserve Bank of India Act, 1934.

(1C) Any agricultural income referred to in sub-section (1B) which—

(a) is applied to purposes other than charitable or religious purposes as aforesaid or ceases to be accumulated or set apart for application thereto, or

(b) ceases to remain invested in any security referred to in sub-clause (i) or deposited in any account referred to in sub-clause (ii) or sub-clause (iii) of clause (b) of that sub-section; or

(c) is not utilised for the purpose for which it is so accumulated or set apart during the period referred to in sub-clause (a) of that sub-section or in the year immediately following the expiry thereof,

shall be deemed to be the agricultural income of such person of the previous year in which it is so applied or ceases to be so accumulated or set apart or ceases to remain so invested or deposited, or, as the case may be, of the previous year immediately following the expiry of the period aforesaid.

(1D) Notwithstanding anything contained in sub-section (1C), where, due to circumstances beyond the control of the person in receipt of the agricultural income, any such income invested or deposited in accordance with the provisions of clause (b) of sub-section (1B) cannot be applied for the purpose for which it was accumulated or set apart, the Agricultural Income-tax Officer may, on an application made to him in this behalf, allow such person to apply such income for such other charitable or religious purpose in the State as is specified in the application by such person and as is in conformity with the objects of the trust; and thereupon the provisions of sub-section (1C) shall apply as if the purpose specified by such person in the application under this sub-section were a purpose specified in the notice given to the Agricultural Income-tax Officer under clause (a) of sub-section (1B).".

3. *Insertion of new section 61A.*—After section 61 of the principal Act, the following section shall be inserted, namely:—

"61A. *Rounding off of agricultural income-tax, etc.*—(1) The amount of total agricultural income computed in accordance with the foregoing provisions of this Act shall be rounded off to the nearest multiple of ten rupees and for this purpose any part of a rupee consisting of paise shall be ignored and thereafter if such amount is not a multiple of ten, then, if the last figure in that amount is five or more, the amount shall be increased to the next higher amount which is a multiple of ten and if the last figure is less than five, the amount shall be reduced to the next lower amount which is a multiple of ten; and the amount so rounded off shall be deemed to be the total agricultural income of the assessee for the purposes of this Act.

(2) The amount of tax (including tax payable under section 17A), interest, penalty, fine or any other sum payable, and the amount of refund due, under the provisions of this Act, shall be rounded off to the nearest rupee and, for this purpose, where such amount contains a part of a rupee consisting of paise, then, if such part is fifty paise or more, it shall be increased to one rupee and if such part is less than fifty paise, it shall be ignored.".

4. *Amendment of Schedule.*—In the Schedule to the principal Act, for paragraph (1), the following paragraph shall be substituted, namely:—

"(1) in the case of a person other than a company,—

where the total agricultural income does not exceed Rs. 15,000	NIL
where the total agricultural income exceeds Rs. 15,000 but does not exceed Rs. 25,000	30 per cent of the amount by which the total agricultural income exceeds Rs. 15,000
where the total agricultural income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 3,000 plus 40 per cent of the amount by which the total agricultural income exceeds Rs. 25,000
where the total agricultural income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 5,000 plus 50 per cent of the amount by which the total agricultural income exceeds Rs. 30,000
where the total agricultural income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 15,000 plus 60 per cent of the amount by which the total agricultural income exceeds Rs. 50,000
where the total agricultural income exceeds Rs. 70,000	Rs. 27,000 plus 70 per cent of the amount by which the total agricultural income exceeds Rs. 70,000.".